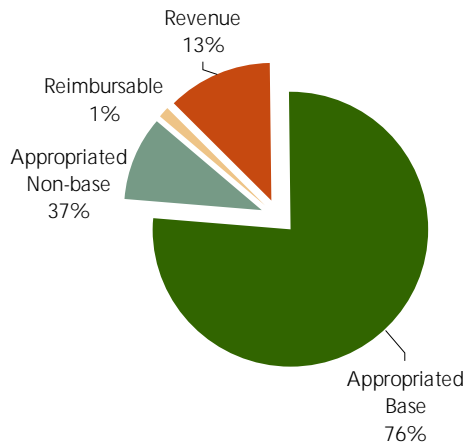


Financials

Summary Financial Statement

FY03 Expenditures by Fund Source



The Summary Financial Statement on the facing page details the resource needs and available funding of the Lakeshore's five functional areas. The total funding deficit or surplus for each program is listed in the last column. In FY2003 Sleeping Bear Dunes National Lakeshore required \$5.8 million and 96 FTE to meet its operational standards. The funding available to the park was \$4.2 million and 67 FTE, leading to a 27% shortfall.

As the chart below indicates, Resource Protection experienced the greatest deficit by both dollar amount and percentage. This functional area received slightly more than half of its required funding and needed an additional \$618,000 to operate effectively, a shortfall of 46%. The added funding would enable the park to devote sufficient resources to threatened and endangered species protection, invasive species management, and mitigation of human impact on fragile ecosystems. The Lakeshore would also be able to establish a cultural resource program to preserve its significant historic buildings and cultural landscapes. Finally, additional funding would allow for increased law enforcement patrols to prevent

resource damage, theft, and other negative impacts.

Another area with a significant need was Visitor Experience and Enjoyment. To accomplish near-term goals, the park required an additional \$407,000 in FY2003, resulting in a shortfall of 28%. A total budget of close to \$1.5 million would enable the Lakeshore to develop a curriculum-based education program, expand the number and variety of interpretive activities, and ensure visitor safety through a larger law enforcement staff.

The deficit of 26% in the Management and Administration area has acutely affected the Communications and Planning programs. The park needs to upgrade its communication systems and prepare or update many parkwide planning documents. The Facility Operations and Maintenance areas had the smallest shortfalls at 15% and 12%, respectively. These deficits have detracted from the division's ability to regularly inspect, monitor, and repair various facilities throughout the park.

As the pie chart to the left indicates, the majority of the Lakeshore's total budget came from appropriated base funding in FY2003. It is important to note, however, that this chart only includes funding for day-to-day operations; money spent on investments is not included in these budgets. Therefore, appropriated base funding actually makes up a much smaller percentage of the park's total spending. In FY2003 base funding was distributed relatively equally among all programs, with approximately 17% to 24% going to each functional area. Eighty percent of the Appropriated Non-base budget went to Facility Operations and Maintenance due to the large number of repair and rehabilitation projects that were undertaken last year. Visitor Experience and Enjoyment relied heavily on Revenue from the fee demonstration program, utilizing 73% of these funds to meet operational needs, including the cost of collecting fees.

FY03 Required Funds by Functional Area



FUNCTIONAL AREAS AND PROGRAMS	REQUIRED		AVAILABLE					SURPLUS/(DEFICIT)	
	FTE	Funds	APPROPRIATED		NON-APPROPRIATED		TOTAL	FTE	Funds
			Base	Non-base	Reimbursable	Revenue			
RESOURCE PROTECTION									
Cultural Resource Management	3.5	\$193,390	\$97,143	\$13,272	-\$150	-\$1,086	2.1	\$109,179	(14)
Information Integration and Analysis	10	\$67,329	\$12,629	\$3,184	\$0	\$12,231	0.6	\$28,044	(0.4)
Resources Management and Administration	3.2	\$264,507	\$179,084	\$2,925	-\$300	-\$2,171	2.0	\$179,539	(12)
Natural Resource Management	14.3	\$804,545	\$281,578	\$44,767	\$5,757	\$63,350	6.4	\$395,452	(7.9)
Subtotal	219	\$1,329,771	\$570,434	\$64,148	\$5,307	\$72,324	11.2	\$712,214	(10.7)
VISITOR EXPERIENCE AND ENJOYMENT									
Concessions Management	0.1	\$11,677	\$1,138	\$0	\$0	\$0	0.0	\$1,138	(0.1)
Education	4.4	\$199,336	\$44,259	\$1,463	-\$150	\$3,354	15	\$48,926	(2.9)
Fee Collection	9.5	\$367,884	\$4,886	\$1,463	\$2,867	\$337,517	9.1	\$346,733	(0.4)
Interpretation	4.4	\$182,285	\$125,644	\$5,808	-\$150	\$5,753	3.6	\$147,055	(0.8)
VEE Management and Administration	2.4	\$175,306	\$17,265	\$1,463	-\$150	-\$1,086	1.3	\$17,492	(1.0)
Visitor Center Operations	17	\$76,095	\$441	\$0	\$0	\$31,780	0.9	\$32,221	(0.8)
Visitor Safety Services	6.2	\$388,492	\$314,980	\$1,463	-\$150	-\$1,086	4.8	\$35,207	(1.4)
Visitor Use Services	0.9	\$59,643	\$19,292	\$0	\$5,874	\$0	0.3	\$25,166	(0.6)
Subtotal	29.6	\$1,460,718	\$647,906	\$11,659	\$8,142	\$386,233	21.5	\$1,053,939	(8.1)
FACILITY OPERATIONS									
Campgrounds Operations	3.8	\$194,863	\$149,737	\$2,274	\$13,276	-\$1,086	3.1	\$164,202	(0.7)
Buildings Operations	14	\$68,164	\$9,621	\$30,247	-\$150	\$17,581	11	\$57,300	(0.3)
Grounds Operations	3.3	\$132,996	\$88,314	\$34,481	\$3,376	-\$1,023	3.1	\$125,147	(0.2)
Janitorial Operations	18	\$85,204	\$51,646	\$20,484	-\$150	-\$1,086	13	\$70,894	(0.5)
Facility Operations Management and Administration	3.3	\$243,469	\$165,630	\$45,111	-\$150	-\$992	2.7	\$209,600	(0.7)
Roads Operations	0.6	\$41,377	\$32,925	\$5,691	\$0	\$9	0.6	\$38,625	0.0
Trails Operations	11	\$51,998	\$13,857	\$14,176	-\$150	-\$1,076	0.6	\$26,807	(0.5)
Transportation Systems and Fleet Operations	10	\$64,226	\$55,366	\$2,323	-\$150	-\$943	0.9	\$56,596	(0.1)
Utilities Operations	12	\$179,688	\$90,624	\$49,369	\$6,930	\$4,872	0.6	\$51,794	(0.6)
Subtotal	17.5	\$1,061,984	\$657,720	\$204,157	\$22,833	\$16,256	13.91	\$900,966	(3.6)
MAINTENANCE									
Buildings Maintenance	3.6	\$280,077	\$150,686	\$62,097	\$780	\$29,813	3.0	\$243,375	(0.6)
Maintenance Management and Administration	3.4	\$265,872	\$202,943	\$45,466	\$1,277	-\$1,011	2.9	\$248,675	(0.5)
Roads Maintenance	0.4	\$58,260	\$56,149	\$2,156	\$278	-\$1,086	0.4	\$57,498	0.0
Trails Maintenance	11	\$90,413	\$53,236	\$10,691	\$3,611	\$14,530	11	\$82,069	0.0
Transportation Systems and Fleet Maintenance	10	\$85,987	\$56,661	\$9,941	-\$150	\$9,555	0.8	\$76,008	(0.2)
Utilities Maintenance	11	\$61,840	\$24,975	\$3,295	\$5,554	-\$1,086	0.6	\$32,737	(0.6)
Subtotal	10.6	\$842,449	\$544,650	\$133,646	\$11,350	\$50,716	8.77	\$740,361	(18)
MANAGEMENT AND ADMINISTRATION									
Communications	4.2	\$243,080	\$196,013	\$1,463	\$6,062	\$1,658	2.6	\$205,195	(16)
External Affairs	0.6	\$63,124	\$37,163	\$1,463	-\$150	-\$1,086	0.4	\$37,391	(0.2)
Financial Management	15	\$91,399	\$69,590	\$1,463	-\$150	-\$1,086	11	\$69,817	(0.4)
General Administration	3.1	\$146,737	\$138,388	\$1,463	-\$150	\$529	3.0	\$140,230	(0.1)
General Management	3.4	\$199,351	\$207,096	\$1,463	-\$150	-\$1,086	3.3	\$207,323	(0.1)
Parkwide Safety	13	\$79,769	\$30,646	\$0	\$0	\$0	0.4	\$30,646	(0.9)
Partnerships	0.5	\$50,456	\$5,405	\$0	\$0	\$3,292	0.2	\$18,697	(0.3)
Planning	15	\$186,280	\$78,275	\$1,463	-\$150	-\$1,086	0.9	\$78,503	(0.6)
Subtotal	61	\$1,060,198	\$772,577	\$8,776	\$5,313	\$1,135	12.0	\$787,802	(4.1)
Grand Total	95.7	\$5,755,120	\$3,193,287	\$422,385	\$52,945	\$526,664	67.4	\$4,195,281	(28.4)

This financial statement has been prepared from the books and records of the National Park Service in accordance with NPS accounting policies. The resources available reflect the total operations and maintenance expenses incurred by the park during the last complete fiscal year. The resources required represent the funding needed to operate the park while fully meeting basic operational standards as defined in business plan supporting documentation. Program requirements are presented as a five-year planning tool based on salary and wage tables for the 2003 fiscal year, given current resource inventories, and the current park infrastructure. Changes resulting from one-time projects and capital improvements (e.g. investments such as construction) may have a resulting impact on the operational requirements presented.

The value of donated materials and in-kind services is not included as an available resource in the financial summary because these materials and services are not only used for required operations. See page 28 for information on the valuation of work performed by volunteers.

The financial statement presents the available and required resources for the operational activities of the park only. Investment expenditures for capital improvements or other one-time projects are not accounted for in this statement. For information on the park's investment expenditures, see page 30-31.

Volunteer Analysis



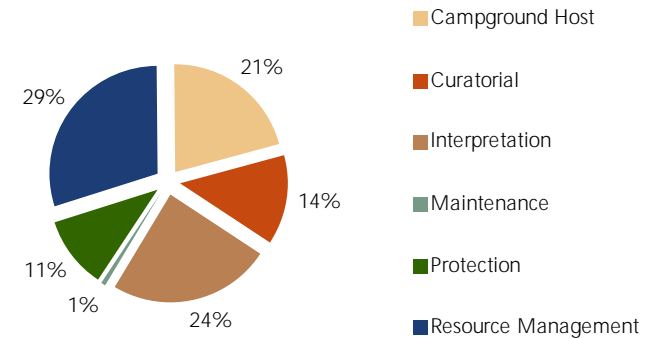
Volunteers run the working Blacksmith Shop in the Glen Haven Historic District, offering demonstrations and interpretive talks.

Dedicated volunteers are vital in helping the Lakeshore operate effectively despite funding and staffing shortfalls. Park volunteers include local residents, retirees, and members of scout groups, civic organizations, and the Student Conservation Association (SCA). Through the Volunteers-in-Parks (VIP) program, 483 individuals provided 26,568 hours of their time in FY2003. Their combined efforts represent 12.7 FTE or \$456,703, based on the standard NPS wage estimate of \$17.19 per hour. Managing the volunteer program cost the Lakeshore approximately \$60,837, resulting in a net benefit of \$395,866.

The Lakeshore recruits volunteers through national volunteer websites, word-of-mouth, long-standing partnerships, and position-specific publicity. Volunteer contributions have increased 64% since 1998 and maintaining the increased levels remains a long-term goal of the Lakeshore. With more people offering their services, the park is increasingly relying on volunteers to assist with park operations. As shown at right, volunteers contributed to six categories of park operations in FY2003.

Natural Resource Management is the category with the largest percent of volunteer hours (29%). The majority of volunteer time was spent protecting nests of the endangered Piping Plover, studying the state-endangered Prairie Warbler, and monitoring other threatened and endangered bird species. Volunteers also provided interpretive information about endangered species and assisted with the eradication of non-native plants that threaten native dune, forest, and wetland biodiversity. Students from a local high school propagated native plants in their greenhouse and then returned them to the park to use in site restoration.

FY03 Volunteer Hours by Category



About 24% of volunteer time was dedicated to Interpretation. The park relies on volunteers to staff the Maritime Museum, the Cannery Boathouse, and the Blacksmith Shop in the Glen Haven Historic District. Demonstrators of traditional crafts and trades also donate their time at the annual two-day Port Oneida Fair.

Campground hosts, who live in one of the campgrounds for all or part of the peak season, accounted for 21% of volunteer hours. They assist with visitor orientation, fee collection, and light maintenance, and notify park staff of camper problems or campground needs.

Volunteer contributions to other categories include reporting on trail conditions and removing litter through the Adopt-a-Trail program, working alongside park staff to restore historic barns, and performing light custodial work. Finally, volunteers organize the extensive library at headquarters and assist with other curatorial duties at the museums.

Government Performance and Results Act

In 1993 Congress passed the Government Performance and Results Act (GPRA) to improve federal management practices and require greater accountability for achieving results. The act requires parks to set strategic goals, measure performance, and report on the degree to which goals were met. The four goals listed in the sidebar comprise the National Park Service's primary focus areas, each of which includes a number of long-term, strategic goals developed by park units. Management allocated the operational expenditures of the Lakeshore across these categories.

Goal I: Preserve Park Resources

Long term goals in this category relate to site restoration, preservation of historic structures and cultural landscapes, removal of nonnative plants and animals, and increased natural resource monitoring. The Lakeshore's operational deficiency in these areas is consistent with the fact that this goal accounts for 25% of available resources but represents 39% of the total shortfall for the park. These deficits amount to \$590,000, driven largely by the Natural and Cultural Resource Management programs.

Goal II: Provide for the Public Enjoyment and Visitor Experience of Parks

These goals include improving visitor safety, satisfaction with recreational opportunities and facilities, and visitor understanding of Lakeshore purpose and significance. The Lakeshore expends 66% of available resources on this goal, yet needs an additional \$765,000. This represents 51% of the total shortfall, primarily in the Education and Visitor Safety Services programs.

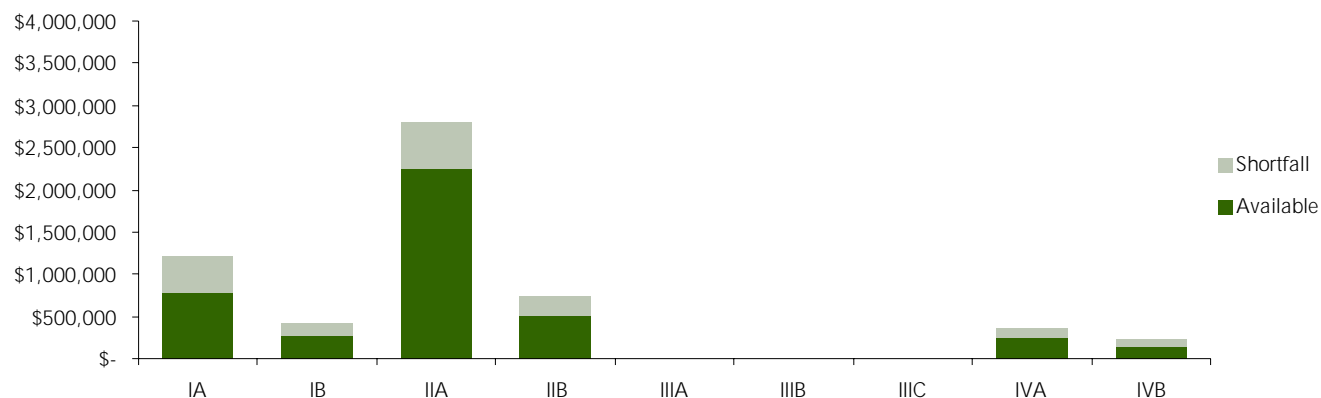
Goal III: Legislated Partnership Programs

This mission goal refers to legislated NPS partnership programs that are provided for by the NPS on a regional and national basis.

Goal IV: Ensure Organizational Effectiveness

The Lakeshore continually strives to increase efficiency and effectiveness to better achieve its mission. Goals in this category include linking employee performance plans to strategic and annual goals, increasing staff diversity, maintaining volunteerism levels, and increasing partner projects. The park allocated 9% of current funds toward this goal and shows a shortfall of 10%.

FY03 Expenditures by GPRA Goal



I. Preserve Park Resources

A. Natural and Cultural resources and associated values are protected, restored, and maintained in good condition and managed within their broader ecosystem and cultural context.

B. The National Park Service contributes to knowledge about natural and cultural resources and associated values; management decisions about resources and visitors are based on adequate scholarly and scientific information.

II. Provide for the Public Enjoyment and Visitor Experience of Parks

A. Visitors safely enjoy and are satisfied with the availability, accessibility, diversity, and quality of park facilities, services, and appropriate recreational opportunities.

B. Park visitors and the general public understand and appreciate the preservation of parks and their resources for this and future generations.

III. Strengthen and Preserve Natural and Cultural Resources and Enhance Recreational Opportunities Managed by Partners

A. Natural and cultural resources are conserved through formal partnership programs.

B. Through partnerships with other federal, state, and local agencies and nonprofit organizations, a nationwide system of parks, open space, rivers and trails provides educational, recreational, and conservation benefits for the American people.

C. Assisted through federal funds and programs, the protection of recreational opportunities is achieved through formal mechanisms to ensure continued access for public recreational use.

IV. Ensure Organizational Effectiveness

A. The National Park Service uses current management practices, systems, and technologies to accomplish its mission.

B. The National Park Service increases its managerial resources through initiatives and support from other agencies, organizations, and individuals.

Funded Investments



Replacement of old vault toilets (top) with new ones (bottom) was a major investment in FY2003.

Investments are one-time expenditures that improve infrastructure or increase the intellectual capital of the park. In FY2003 the Lakeshore spent nearly \$1.4 million on various investments including the following projects:

Former Home Site Restoration

Investment: \$423,000

When Sleeping Bear Dunes was established as a National Lakeshore, many landowners who sold their property to the park received a Reservation of Use and Occupancy that included an agreed-upon date to turn the property over to the park. In FY2003, 28 of these parcels (amounting to 159 acres) located in the Loon Lake and Platte River areas were restored to their natural condition, and an additional 30 structures were removed from 12 other sites. The work involved removing all manmade structures such as buildings, foundations, sidewalks, driveways, fences, septic fields, wells, utility lines and poles, trash and debris, and all other materials not considered a part of the natural environment. In accordance with Lakeshore's goal of restoring disturbed lands to their natural condition, these sites were contoured and planted with native species. Such efforts are expected to continue in the future as more sites are turned over to the Lakeshore.

Vault Toilets

Investment: \$364,000

In keeping with the NPS goal of ensuring visitor satisfaction, vault toilet units were purchased to replace 30 of the 34 old units throughout the Lakeshore in FY2003. The park had received complaints from visitors, particularly regarding the toilets at the D.H. Day Campground. The new vault toilets have improved ventilation and are easier to clean and maintain because of their sealed liners and washable surfaces.

Restoration of Historic Structures

Investment: \$244,000

One of the Lakeshore's primary objectives is to preserve and rehabilitate its significant historic structures. In FY2003, the park stabilized 12 of these structures, some of which could now support adaptive use. A significant effort was made to rehabilitate the buildings in the Glen Haven Historic District, a picturesque and nationally important maritime village which is a primary visitor attraction. The project involved adapting a garage to serve as public restrooms and adapting a historic house for a General Store downstairs and district ranger offices upstairs. In other parts of the Lakeshore, the D.H. Day and Charles Olson homes were rehabilitated. Also, the Treat Barn, the Cart House and the Life Saving Station on North Manitou Island were stabilized. These investments will allow the park to preserve its rich cultural history while at the same time contribute to visitor enjoyment and operational efficiency.

Electric and Sewer Systems for Employee Housing

Investment: \$106,000

Contracts were awarded to place the deteriorated electrical and cable distribution systems in the Empire housing area underground, which will decrease power outages and reduce the amount of time spent by the maintenance division responding to utility problems. The sewer system, which was 50 years old and no longer functioning properly, was also replaced.

Restoration of Forest Biodiversity

Investment: \$71,000

The Lakeshore's forests are primarily second-growth areas heavily shaped by recent land use practices including logging and agriculture. Consistent with NPS goals to restore natural communities and processes, the Natural Resource Management Division received funding in FY2003 to complete a study of forest composition. The research assesses forest structure to determine restoration potential and makes management recommendations, with special emphasis on North Manitou Island and its deer herd. Establishment of long-term research plots will also aid in future forest health monitoring.

Purchase of a Landing Craft Vessel

Investment: \$60,000

Since the Lakeshore's boundaries include the North and South Manitou Islands (12 and 17 miles away from the harbor, respectively), every division of the park relies heavily on an efficient and dependable mode of transportation to travel across Lake Michigan. In FY2003 the Lakeshore replaced a 25 year old delapidated barge with a new 41-foot Munson landing craft vessel (the Nahma), which reduces fuel costs and improves efficiency. The new boat is able to carry heavy cargo and transport more passengers at twice the speed, significantly reducing travel time. Unlike the old boat, the Nahma enables the staff to travel in varied sea conditions, allowing projects to be completed in a timely manner. The vessel's full cost was \$300,000, a portion of which was funded in FY2002 and the rest in FY2003.

Photovoltaic System for South Manitou Island

Investment: \$50,000

In keeping with the park's goal of promoting sustainable initiatives and reducing costs, the Lakeshore hopes to utilize solar power to generate electricity on South Manitou Island. In FY2003, an inverter and two battery banks were purchased for the island and an addition was made to the maintenance shop for a fire cache and the photovoltaic equipment. The batteries (installed in FY2004) will initially be connected to the generator, cutting operation hours by half. Eventually, the Lakeshore anticipates purchasing photovoltaic panels to harness solar energy, virtually eliminating generator use and fuel costs. Additional benefits include reducing noise, air pollution, and potential hazards associated with fuel transport.

Other Investments

Other projects in FY2003 included designing a sustainable waste treatment system for the fish cleaning station at Platte River, upgrading a radio repeater on North Manitou Island, replacing a deteriorated water storage tank that serves the maintenance area and nine housing units, replacing 24 deteriorated dumpsters throughout the Lakeshore, and installing a fire suppression system at the Maritime Museum.



Removal of homes and restoration of 28 former homesites was the Lakeshore's biggest investment in FY2003.



In FY2003 the Lakeshore purchased the 41-foot landing craft vessel, the Nahma, the Ojibwe word for Sturgeon.